

JAN PERRY  
GENERAL MANAGER

# CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI  
MAYOR

ECONOMIC AND WORKFORCE  
DEVELOPMENT DEPARTMENT

1200 W. 7TH STREET  
LOS ANGELES, CA 90017

January 9, 2015

Metropolitan Square, Inc.  
9034 West Sunset Blvd.,  
West Hollywood, CA 90069  
Attn: Norman Gabay and John Carroll  
c/o The Charles Company

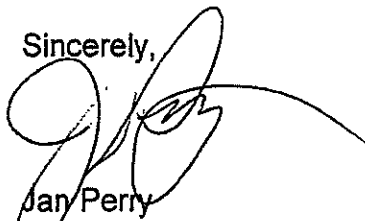
Re: The District Square Retail Project - Notice of Default and Opportunity to Cure

NOTICE IS HEREBY GIVEN per Section 4.19 of City Loan Agreement Number 122004 entered into by and between the City of Los Angeles ("City") and Metropolitan Square, Inc. ("Borrower") on or about April 10, 2013 ("Loan Agreement") that one or more Events of Default have occurred and that Borrower's failure to cure the default(s) within the time set forth in Section 4.20 shall constitute a breach of the Loan Agreement. The specific occurrence and continuing Events of Default as per Section 4.19 of the Agreement, as follows:

1. Borrower failed to timely perform or comply with the time set forth as stated in the Performance Schedule, Exhibit C. The City believes this breach is not curable. However, Borrower is given 30 days from the date of receipt of this notice or the date this notice was refused to cure this default and notify the City of the actions taken to cure this default.
2. Borrower failed to meet the National Objective of creating not less than 600 permanent full time equivalent jobs of which 51% shall be made available to low and moderate income persons as set forth in Section 9.01 of the Loan Agreement. The City believes this breach is not curable. However, Borrower is given 30 days from the date of receipt of this notice or the date this notice was refused to cure this default and notify the City of the actions taken to cure this default.
3. Borrower failed to obtain New Market Tax Credit financing as set forth in the Budget, Exhibit B in the Loan Agreement. The City believes this breach is not curable. However, Borrower is given 30 days from the date of receipt of this notice or the date this notice was refused to cure this default and notify the City of the actions taken to cure this default.

Accordingly, as per Section 4.20 of the Agreement, the Borrower is hereby requested to cure the Events of Default by the given deadline. Upon expiration of the cure period, the City will record Notice of Default and proceed with the liquidation and recovery of the collateral.

Sincerely,



Jan Perry  
General Manager

cc: Noreen Vincent, City Attorney's Office